

November 1, 2023

Daily Currency & Commodities Outlook

Daily Recommendations

Commodity/Index	Expiry	Action	Entry	Target	Stop Loss	Time Frame
Copper	November	Sell	708-708.50	701	712	Intraday
GBP/INR	November	Sell	101.40-101.42	101.00	101.60	Intraday

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News and Developments

- Spot Gold prices slipped yesterday amid re-bounce in dollar and rise in US treasury yields ahead of US Federal Reserve monetary policy meeting. Additionally, mixed batch of economic data from US added downside pressure
- Data showed wages and salaries rose solidly last quarter, while consumer confidence ebbed, it fell far less than markets had expected
- As per CME Fedwatch tool expectations for Fed to keep rate steady at the next meeting decline to 98.1% from 98.7% a day ago while, prospects for increase by 25bps in November meeting has moved up to 1.9% from 0.0% a day ago
- Yield on benchmark US 10-year treasury note rose to 4.933% and 2-year treasury yield, which typically moves in step with interest rate expectations moved higher to 5.092%. Yields were little changed ahead of US Fed monetary policy where central bank is likely to conclude by holding interest rates steady
- The yen slid yesterday after the Bank of Japan's move to loosen monetary policy was seen as inadequate. BOJ raised inflation forecasts, but not policy rates. It redefined its 1% limit on 10-year government bond yields as a reference rate, rather than a hard cap, effectively ending its strict yield-curve control policy
- Crude oil prices slipped yesterday amid strong dollar and on data showing rising output from OPEC and US. As per Media sources OPEC crude output rose by 180,000 bpd in October. EIA said US field production of oil rose to new monthly record in August at 13.05mbpd
- Copper prices ended on negative note on strong dollar and as weaker than expected economic data from China raised concerns about economic recovery.

Source: Bloomberg, Reuters, ICICI Direct Research

Price Performance

Commodity	LTP (₹)	Change	LTP (\$)	Change
Gold	60940	-0.55%	1983.88	-0.61%
Silver	71669	-1.49%	22.85	-2.10%
Copper	707.3	-0.19%	8110.50	-0.37%
Aluminium	206.5	-0.24%	2251.50	-0.66%
Zinc	219.1	-1.06%	2429.50	-1.46%
Lead	185.3	-0.48%	2085.00	-1.72%
WTI Crude Oil	6764	-1.10%	81.02	-1.57%
US Nat Gas	301.2	7.69%	3.58	6.65%

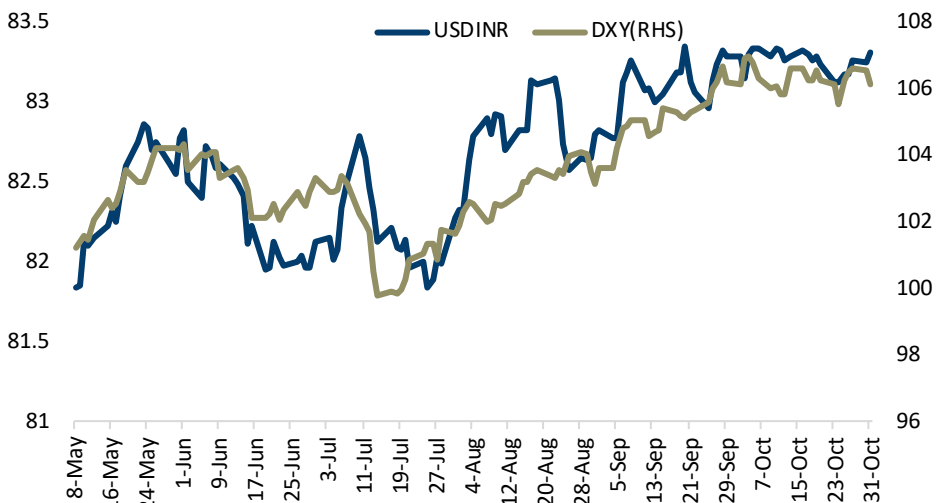
Domestic Currencies

Futures	Close	% Change	Open Interest	Change in OI	Volume	Change in Vol
USDINR (27th Oct)	83.30	-0.01%	5330363	62886	1257881	508815
EURINR (27th oct)	88.90	0.77%	139950	32929	272722	117481
GBPINR (27th Oct)	101.59	0.53%	174765	-6916	234215	8610

Daily Strategy Follow-up

Commodity/Index	Expiry	Action	Entry	Target	Stoploss	Comment
Copper	November	Sell	707.50-708	701	712	Exit in Profit
GBPINR	November	Sell	101.30-101.32	100.90	101.50	Stoploss Triggered

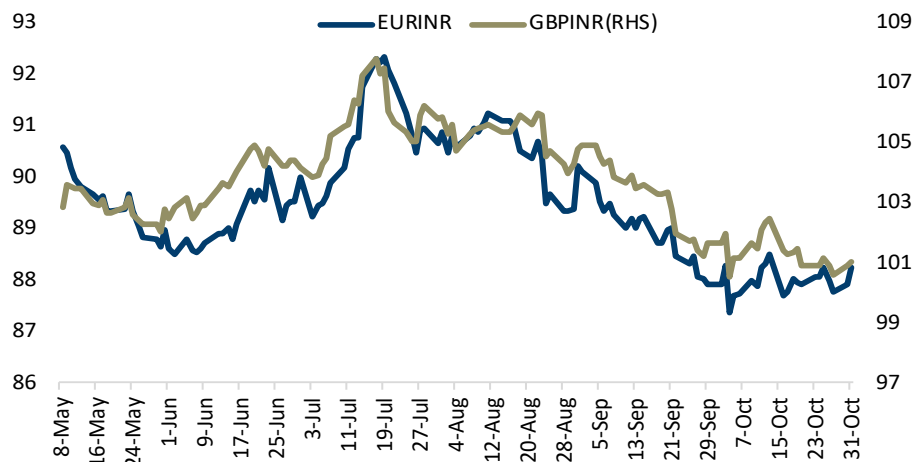
Dollar Index vs. US\$INR



Rupee Outlook

- Rupee ended flat yesterday amid weak domestic markets sentiments and FII outflows. Further, rupee recorded its 4th consecutive monthly decline in October
- Rupee is expected to depreciate today amid firm dollar, rise in US treasury yields and FII outflows. Further, rupee may skid on weak global market sentiments and rising geopolitical tension in Middle East. Additionally, investors will remain cautious ahead of US Fed monetary policy meeting, where central bank is likely to keep its rate steady again; more focus will be on statements from central bank to get more clarity on interest rate outlook. USDINR is likely to rise towards 83.40 level as long as it sustains above 83.25 levels

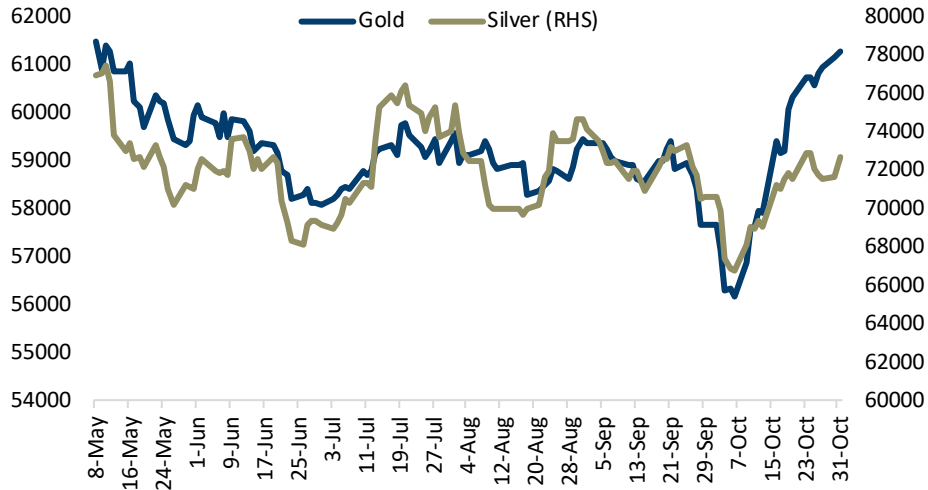
EURINR vs. GBPINR



Euro and Pound Outlook

- Euro edged lower on Tuesday amid strong dollar, decline in Euro Zone yields and weaker than expected economic data from Euro Area. Eurozone October CPI eased to 2.9% y/y from 4.3% y/y in September and Eurozone Q3 GDP fell -0.1% q/q. For today, EURUSD is likely to slip further towards 1.0520 levels as long as it remains below 1.0600 level amid firm dollar and dovish comments from ECB policymakers. Further, fresh economic data from eurozone are dovish for ECB policy. EURINR Nov may move south towards 87.70 level as long as it stays below 88.60 levels
- Pound is expected to dive towards 1.2080 level amid firm dollar and weak global market sentiments. Further, BOE is expected to keep interest rates unchanged at 15-year high of 5.25%. GBPINR is likely to edged lower towards 100.80 as long as it trades below 101.60 level.

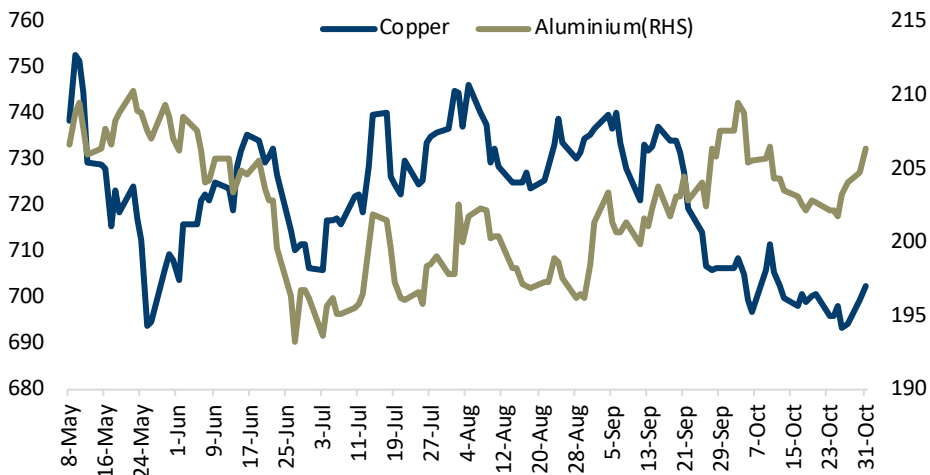
MCX Gold vs. Silver



Bullion Outlook

- Spot gold is likely slip further towards \$1965 levels as long as its sustains below \$1995 level amid strong dollar and rise in US treasury yields ahead of US Federal Reserve monetary policy. Meanwhile, sharp downside may be limited amid rise in demand for safe haven due to on ongoing conflict between Hamas and Israel. Investors fear that this conflict may spill over and trigger another multi-front war in the region as Israel is expanding its ground incursion into Gaza.
- MCX Gold prices is likely to move south towards 60,550 level as long as it trades below the resistance level of 61,150 levels
- MCX Silver is expected to slip further till 70,800 level as long as it sustains below 72,300 level.

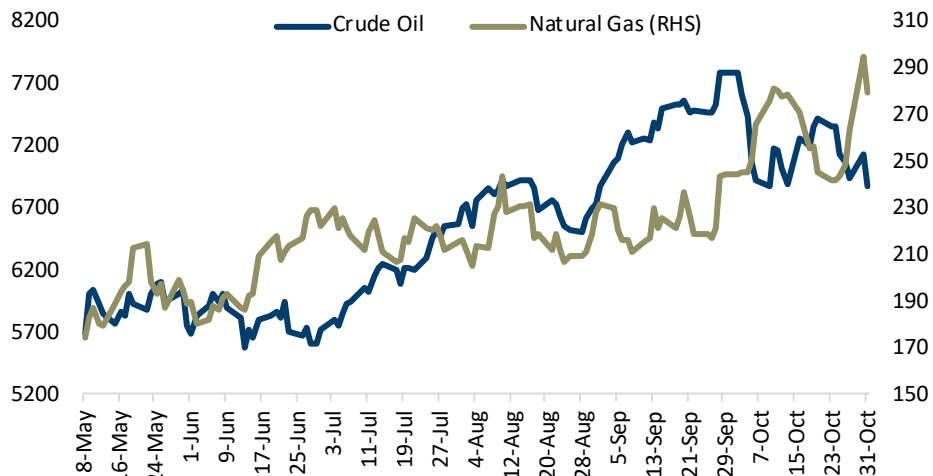
MCX Copper vs. Aluminium



Base Metal Outlook

- Copper prices are expected to trade with negative bias on strong dollar and weak global market sentiments. Further, disappointing economic data from China has raised concern about economic recovery. Moreover, investors fear that elevated borrowing cost for longer duration across major countries will hamper economic growth and dent demand for industrial metal. US Fed and BOE are likely to hold the rate steady at upcoming meeting
- MCX Copper is likely to slip towards 701 level, as long as it stays below 712 level. A move below 701 would open the doors towards 695.
- MCX aluminium is expected to face hurdle near 207.50 level and move towards 205.50 mark.

MCX Crude Oil vs. Natural Gas



Energy Outlook

- NYMEX Crude oil is expected to slip further towards \$80 as long as it stays below \$82.50 levels amid strong dollar and pessimistic global market sentiments. Further, investors will remain cautious ahead of US Federal Reserve monetary policy meeting. Investors fear that elevated rates to tame inflation can slow economic growth and reduce demand for oil. Meanwhile, sharp downside may be limited amid rising tension between Hamas and Israel. As per American Petroleum Institute data US crude stockpiles possibly rose as much as 1.3 million barrels last week but declines were seen in inventories of gasoline and distillates. MCX Crude oil is likely to dive towards 6600 levels as long as it stays below 6900 levels.
- MCX Natural gas is expected to rise towards 312 level as long as it holds support near 290 amid on forecasts for colder weather and higher heating demand over the next two weeks than previously expected

Daily Commodity Pivot Levels

Commodity	S2	S1	Pivot	R1	R2
Gold	60494	60717	61128	61351	61762
Silver	70756	71213	71981	72438	73206
Copper	702.3	704.8	707.5	710.0	712.7
Aluminium	206.0	206.2	206.7	206.9	207.4
Zinc	217.3	218.2	219.8	220.7	222.4
Lead	184.3	184.8	185.6	186.1	186.8
Crude Oil	6650	6707	6814	6871	6978
Nat Gas	268	285	294	310	319

Daily Currency Pivot Levels

Futures	S2	S1	Pivot	R1	R2
US\$INR (Oct)	83.28	83.29	83.30	83.32	83.33
US\$INR (Nov)	83.36	83.37	83.39	83.40	83.41
EURINR (Oct)	88.07	88.49	88.73	89.15	89.40
EURINR (Nov)	88.27	88.67	88.91	89.31	89.55
GBPINR (Oct)	100.97	101.28	101.46	101.77	101.96
GBPINR (Nov)	101.12	101.42	101.59	101.89	102.06
JPYINR (Oct)	55.32	55.45	55.70	55.84	56.09
JPYINR (Nov)	55.66	55.80	56.06	56.20	56.45

Major Currency Pairs

Currencies	Close	Pvs. Close	% Change
DXY	106.56	106.60	-0.04%
US\$INR	83.25	83.23	0.02%
EURUSD	1.0565	1.0563	0.02%
EURINR	87.94	87.77	0.20%
GBPUSD	1.2122	1.2129	-0.06%
GBPINR	101.03	100.62	0.41%

10 year government - Global Bonds Yields

Country	Close	Pvs. Close	Change
India	7.356	7.367	-0.011
US	4.835	4.845	-0.0099
Germany	2.832	2.861	-0.029
UK	4.544	4.597	-0.053
Japan	0.881	0.875	0.006

US Crude Stocks Change (Barrels)

Release Date	Time (IST)	Actual	Forecast
10/25/2023	8:00 PM	1.4M	-0.5M
10/18/2023	8:00 PM	-4.5M	-0.5M
10/12/2023	8:00 PM	10.2M	-0.4M
10/4/2023	8:00 PM	-2.2M	-0.1M
9/27/2023	8:00 PM	-2.2M	-0.7M
9/20/2023	8:00 PM	-2.1M	-1.3M
9/13/2023	8:00 PM	4.0M	-2.2M

LME Warehouse Stocks (Tonnes)

Commodity	Current Stock	Change in Stock	% Change
Copper	176475	-1925	-1.08%
Aluminium	474725	-2000	-0.42%
Zinc	84525	2925	3.58%
Lead	127650	1075	0.85%
Nickel	44898	-246	-0.54%

Economic Calendar

Date & Time (IST)	Country	Data & Events	Actual	Expected	Previous	Impact
Monday, October 30, 2023						
All Day	Europe	German Prelim CPI m/m	0.00%	0.20%	0.30%	High
1:30 PM	Europe	Spanish Flash CPI y/y	3.50%	3.80%	3.50%	Medium
2:30 PM	Europe	German Prelim GDP q/q	-0.10%	-0.20%	0.00%	Medium
Tuesday, October 31, 2023						
7:00 AM	China	Manufacturing PMI	49.5	50.2	50.2	High
7:00 AM	China	Non-Manufacturing PMI	50.6	51.8	51.7	High
Tentative	Japan	BOJ Policy Rate	-0.10%	-0.10%	-0.10%	High
3:30 PM	Europe	CPI Flash Estimate y/y	2.90%	3.10%	4.30%	Medium
6:00 PM	US	Employment Cost Index q/q	1.10%	1.00%	1.00%	High
7:15 PM	US	Chicago PMI	44	45	44.1	Medium
7:30 PM	US	CB Consumer Confidence	102.6	100.1	103	High
Wednesday, November 01, 2023						
7:15 AM	China	Caixin Manufacturing PMI	49.5	50.8	50.6	Medium
5:45 PM	US	ADP Non-Farm Employment Change	-	141K	89K	High
7:30 PM	US	ISM Manufacturing PMI	-	49	49	High
7:30 PM	US	JOLTS Job Openings	-	9.27M	9.61M	High
8:00 PM	US	Crude Oil Inventories	-	-	1.4M	Medium
11:30 PM	US	Federal Funds Rate	-	5.50%	5.50%	High
Thursday, November 02, 2023						
5:30 PM	UK	Official Bank Rate	-	5.25%	5.25%	High
6:00 PM	US	Unemployment Claims	-	210K	210K	High
Friday, November 03, 2023						
7:15 AM	China	Caixin Services PMI	-	51.2	50.2	Medium
6:00 PM	US	Average Hourly Earnings m/m	-	0.30%	0.20%	High
6:00 PM	US	Non-Farm Employment Change	-	182K	336K	High
6:00 PM	US	Unemployment Rate	-	3.80%	3.80%	High
7:30 PM	US	ISM Services PMI	-	53.2	53.6	High

Source: Bloomberg, Reuters, ICICI Direct Research



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